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CENTRAL INTELLIGENCE AGENCY

**INFORMATION REPORT**

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COUNTRY Germany (Soviet zone)

SUBJECT Phänomenwerk Zittau Production of Cars

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DATE DISTR. 27 Nov 53

NO. OF PAGES 1

NO. OF ENCLS.

SUPP. TO  
REPORT NO.

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1. The Phänomenwerk at Zittau produced 19 two-ton cars (Granit 32) in August 1953, and 12 of the same type in September. Of 3.5 ton trucks (cross-country cars with four-wheel drive) the production was 74 in August 1953 and 83 in September. The numbers include finished components as well as complete units. Engines, axle sets, gears and other separate parts were delivered to all the East bloc states, for use in repairing vehicles. They were delivered partly as reparations and partly in fulfillment of trade commitments.
2. The plant, which has been greatly enlarged in the past two years, now has a production capacity of around 2,500 cars per year. Three or four different types can be manufactured simultaneously. This capacity cannot be fully utilized, however, on account of material shortages and financial problems.
3. The company has large tax debts and social security obligations to settle. Poland and Hungary have been preferring Czechoslovak cars for about a year. The Soviet Union is still receiving cars as reparations payments, which it resells to Poland so that the Polish market is fully covered.
4. Cars are still being delivered to the Volkspolizei.

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